



STATE OF WEST VIRGINIA
OFFICE OF THE ATTORNEY GENERAL
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CONSUMER PROTECTION DIVISION
1-800-368-8808 or 304-558-8986

Press Release

FOR IMMEDIATE RELEASE

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Attorney General McGraw Announces Settlement with Vonage to Resolve Consumer Complaints

Attorney General McGraw announced today that his office has reached a settlement with Vonage, the nation's second largest provider of Internet-based telephone service. The agreement, which resulted from a joint effort by consumer protection officials in 31 states, requires significant changes in the company's business practices and offers refunds for affected consumers.

McGraw's Consumer Protection Division received complaints that consumers had problems cancelling Vonage service after signing up for "free trial" or "money back guarantee" offers. As Vonage marketed these deals it failed to disclose that much of the thirty day trial period would be used up by shipping its equipment or porting the consumer's existing phone number from other carriers. Consumers then learned that the trial period was not free at all, since cancellation required them to pay "activation fees", shipping and handling, taxes, and other charges. Moreover, cancelling was difficult. Whereas signing up was handled swiftly by telephone or online, consumers could cancel only with a phone call, often involving long wait times. After long periods on hold, consumers then had to endure the "save" process whereby Vonage employees were paid incentives to convince consumers to keep the service. Many consumers reported that they ended these calls thinking they had cancelled, only to be billed again as if the call had never occurred.

Today's settlement requires that Vonage place strict limits on the "saving" process when consumers contact Vonage to cancel their service, and requires the company to revise its disclosures to consumers about its offers of "free" services, trial periods, or money back guarantees. The agreement also establishes a broad restitution program requiring the company to provide refunds to eligible consumers who filed complaints from 2004 onward, as well as \$35,000 for the Consumer Education Fund.

Consumers who would like to file a complaint are encouraged to call Attorney General McGraw's Consumer Protection Division at 1-800-368-8808 or 304-558-8986. Consumers may also write to Post Office Box 1789, Charleston, WV 25326-1789, e-mail at consumer@wvago.gov, or visit the Attorney General's website at www.wvago.gov.

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